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More hours at work now = more pay later

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Young workers who are relatively new to their career paths may want to think twice the next time they feel like ditching their cubicles for happy hour. A recent study suggests that more time spent in the office can result in more than just a pat on the back from the boss. In her article "Working long hours and early career outcomes in the high-end labor market" (*Journal of Labor Economics*, October 2013), economist Dora Gicheva finds a link between long hours and future career outcomes, in particular promotions and wage growth.

For workers who regularly put in at least 48 hours per week, 5 extra hours a week are associated with a 1-percent increase in annual wage growth. And for the average worker in the study, working 5 extra hours per week is associated with an increase of more than 2.5 percent in the probability of receiving a promotion.

The relationship between hours and wages is nonlinear. Gicheva finds no correlation for those who work fewer than 48 hours per week, but there is a positive, strong relationship between longer weekly hours and hourly wage growth—especially for young professionals.The average age of respondents at the start of the study was 28 years old.

Gicheva finds a gender wage gap among the study respondents, with the wages of male workers growing faster than those of women. She points to a number of potential explanations for the wage gap. There is some difference in job selection made by the two genders, with men tending to select competitive occupations more often than women. And among the workers in the sample, fewer women worked more than 47 hours per week; for those women who did put in more than 47 hours a week, they still averaged 1 hour less per week than men. But Gicheva finds that when controlling for hours worked, women's wages still grow 1.24 percent slower than men's. She calls this the "unexplained difference in wage growth."

Gicheva used data on thousands of U.S. workers from a panel survey of registrants for the Graduate Management Admissions Test (GMAT), and she supplemented the findings with results from the 1979 cohort of the National Longitudinal Survey of Youth. The survey sample has a focus on the high-end labor market because all respondents from the GMAT registration survey have college degrees and most have relatively high earnings. Gicheva notes that the sampled group is relatively homogenous in terms of background, occupations, and schooling, with more than half of all respondents having an undergraduate major in business.

As for workers expecting that working longer hours in their current job will result in higher pay, Gicheva notes that workers who are willing to work long hours are those who are more likely to choose career-oriented jobs, and such jobs are often linked to promotion opportunities and faster wage growth. So foregoing happy hour won't necessarily result in more pay. . . but it could.